

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA
REPORT ON EXAMINATION
OF
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA
YEAR ENDED SEPTEMBER 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

SEP 21 2011

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT

SHREVEPORT, LOUISIANA

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YEAGER & BOYD, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS
5501 HIGHWAY 280
BIRMINGHAM, ALABAMA 35242
(205) 991-5506
(800) 284-1338
FAX (205) 991-5450

Board of Commissioners
The Housing Authority of the City of Shreveport
Shreveport, Louisiana

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of The Housing Authority of the City of Shreveport, Louisiana as of and for the year ended September 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority as of September 30, 2010, and the changes in net assets and its cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 22, 2011 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an *essential part of financial reporting* for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Further, other supplementary data as listed in the table of contents is presented for Department of Housing and Urban Development information and is not a required part of the financial statements. The accompanying schedule of expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and is not a required part of the basic financial statements. The Financial Data Schedule, supplementary data and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Birmingham, Alabama
June 22, 2011

Yeager & Boyd
Yeager & Boyd

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THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT SHREVEPORT, LOUISIANA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
The Housing Authority of the City of Shreveport
Shreveport, Louisiana

We have audited the financial statements of the business-type activities of the Authority as of and for the year ended September 30, 2010, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 10-01 through 10-14.

The Authority's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Authority's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information of the Board of Commissioners, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Birmingham, Alabama
June 22, 2011

Yeager & Bond

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THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT

SHREVEPORT, LOUISIANA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
The Housing Authority of the City of Shreveport
Shreveport, Louisiana

Compliance

We have audited the Authority's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each the Authority's major federal programs for the year ended September 30, 2010. The Authority's major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, except for the noncompliance described in findings 10-10 and 10-11 in the accompanying Schedule of Findings and Questioned Costs, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct

and material effect on each of its major federal programs for the year ended September 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Findings 10-03 through 10-14.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

Our Consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 10-03 through 10-14 to be material weaknesses.

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Authority's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Commissioners, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Birmingham, Alabama
June 22, 2011

Yeager & Boyd

Management's Discussion and Analysis

The Housing Authority of the City of Shreveport, Louisiana September 30, 2010

Preamble

The Housing Authority of the City of Shreveport ("hereinafter called the "Authority") is an autonomous, quasi-governmental entity (referred to as a special-purpose government by GASB Statement Number 34) which is predominately funded through the United States Department of Housing and Urban Development operating subsidies and modernization of capital grants. Even though the authority collects rent from its tenants, without HUD funding, the Authority would not be able to sustain its operations and activities.

Presentation

The requirements of GASB Statement No. 34 mandate all local governmental financial statements to include a Management Discussion & Analysis (MD&A). The goal of the MD&A is to give readers an objective and easily readable overview of the Authority's financial performance. The MD&A is designed to focus on the Authority's most relevant financial information regarding overall financial performance to aid users on assessing whether financial position has improved or deteriorated as a result of the year's operations. Hereinafter, the Authority will briefly discuss the enclosed financial statements and will describe, as well, the currently known facts, decisions, or conditions expected to have a significant impact on financial position or the results of operations.

FINANCIAL HIGHLIGHTS

- The Authority's net assets increased at year end by \$.5 million. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets. Net Assets were \$26.5 million and \$27.0 million for 2009 and 2010 respectively.
- The Authority's revenues increased by \$.7 million during 2010, primarily due to an increase in operating grants and a gain on disposition of capital assets. Revenues were \$19.0 million and \$19.7 million for 2009 and 2010 respectively.
- Total program expenses of the Authority's programs decreased by \$1.1 million. Total expenses were \$20.3 million and \$19.2 million for 2009 and 2010 respectively.

REVIEW OF THIS ANNUAL REPORT

The following information is for review and consideration:

MD&A

Management's Discussion and Analysis

Basic Financial Statements

Authority Wide Financial Statements
Notes to the Financial Statements

Other Required Supplementary Information

Required Supplementary Information

Authority-Wide Financial Statements

The Authority-wide financial statements (see Tables 1 thru 5) are designed to be corporate-like.

These Statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Assets", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Assets (formerly equity) are reported in three broad categories:

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets".

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income and HUD subsidies, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Assets is the "Change in Net Assets", which is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

Enterprise Fund

The Authority consists exclusively of an Enterprise Fund. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Significant Programs of the Authority:

Low Rent Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Capital Fund Program – Under the Capital Fund Program, the Authority administers various constructions contracts to maintain the apartments long term viability.

Housing Choice Vouchers Program – Under the Housing Choice Vouchers Program, the Board administers contracts with independent landlords that own the property. The Board subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Board to structure a lease that sets the participants' rent at 30% of household income.

Section 8 New Construction

The Section 8 New Construction Program was established by the United States Department of Housing and Urban Development in order to provide rental assistance in connection with the development of newly constructed or substantially rehabilitated privately owned rental housing.

Other smaller programs are:

- DHAP
- Section 8 Moderate Rehab
- ARRA
- ROSS
- State and Local
- Severely Distressed Public Housing
- Business Activities

Table 1 reflects the condensed Statement of Net Assets compared to prior year. The Authority is engaged only in Business-Type Activities.

Table 1
STATEMENT OF NET ASSETS

	<u>2010</u>	<u>2009</u>	<u>Variance</u>
Assets:			
Current Assets & Restricted Assets	\$ 8,655,026	\$ 8,036,870	\$ 618,156
Non Current Assets	22,216,215	22,701,674	(485,459)
Total Assets	<u>\$ 30,871,241</u>	<u>\$ 30,738,544</u>	<u>\$ 132,697</u>
Liabilities:			
Current Liabilities	\$ 969,796	\$ 1,270,245	\$ (300,449)
Non Current Liabilities	2,876,448	2,959,512	(83,064)
Total Liabilities	<u>\$ 3,846,244</u>	<u>\$ 4,229,757</u>	<u>\$ (383,513)</u>
Net Assets:			
Invested in Capital Assets			
Net of Related Debt	\$ 19,461,215	\$ 19,721,674	\$ (260,459)
Restricted Net Assets	4,000,100	4,057,267	(57,167)
Unrestricted Net Assets	3,563,682	2,729,846	833,836
Total Net Assets	<u>\$ 27,024,997</u>	<u>\$ 26,508,787</u>	<u>\$ 516,210</u>

Major Factors Affecting the Statement of Net Assets

Current and restricted assets increased by \$618,156, and current liabilities decreased by \$300,449. Current and restricted assets increased primarily due to an increase in cash. Current liabilities decreased primarily due to a decrease in accounts payable and accrued expenses.

Non-current assets decreased from \$22.7 million to \$22.2 million due to depreciation expense exceeding capital expenditures. Non-current liabilities decreased primarily due to payments on debt.

Table 2 presents details on the change in Unrestricted Net Assets

Table 2

Unrestricted Net Assets, September 30, 2009	\$ 2,729,846
Results of Operations	(1,094,133)
Transfer from Restricted Assets	57,167
Purchase of Equipment from Operations	(61,712)
Investment Income	29,731
Principal, Interest and Fees Expended on Capital Debt	(391,711)
Proceeds from the Sale of Capital Assets	267,388
Depreciation Expense	<u>2,027,106</u>
Unrestricted Net Assets, September 30, 2010	<u>\$ 3,563,682</u>

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

Table 3
Statement of Revenues and Expenses

	2010	2009	Variance
Revenues:			
Tenant Rental Revenue	\$ 2,310,212	\$ 2,255,668	\$ 54,544
Operating Grants	15,532,281	14,495,204	1,037,077
Capital Grants Received	1,510,123	1,576,240	(66,117)
Investment Income	29,731	66,598	(36,867)
Gain on Disposition of Assets	250,028	143	249,885
Other Income	85,441	582,636	(497,195)
Total Revenues	\$ 19,717,816	\$ 18,976,489	\$ 741,327
Expenses:			
Administrative Expenses	\$ 2,701,169	\$ 3,520,713	\$ (819,544)
Tenant Services	114,019	112,492	1,527
Utilities	546,099	535,258	10,841
Maintenance & Operations	1,725,492	1,609,221	116,271
Protective Services	120,286	191,872	(71,586)
General Expense	611,908	748,089	(136,181)
Interest Expense	179,539	192,555	(13,016)
HAP Payments	11,163,160	11,429,322	(266,162)
Depreciation & Amortization	2,039,934	1,999,996	39,938
Total Expenses	\$ 19,201,606	\$ 20,339,518	\$ (1,137,912)
Excess Revenues			
Over Expenses	\$ 516,210	\$ (1,363,029)	\$ 1,879,239

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

There was an increase in excess revenues over expenses from the prior year. The increase was due to an increase in revenues and a decrease in expenses. Revenues increased primarily due to an increase in operating grants and the gain on disposition of capital assets. Operating grants increased primarily due to an increase in operating funds received from the Section 8 Housing Choice Vouchers program. Other income went down due to insurance proceeds from a casualty loss in the prior year not being present in the current year. Expenses decreased primarily due to a decrease in administrative costs, protective services, general expenses and HAP payments. Tenant services increased due to an increase in salaries and benefits, while utilities increased due to an increase in usage. Maintenance costs increased due to an increase in materials and contract costs. HAP payments decreased slightly. Administrative costs decreased due to a decrease in salaries and benefits. Protective services decreased due to a decrease in salaries and contract costs. General expenses decreased due to a decrease in insurance, compensated absences, tenant bad debts and pilot. Other income went down due to insurance proceeds from a casualty loss in the prior year not being present in the current year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year end, the Authority had \$22,113,594 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of \$472,631 from the end of last year.

	TABLE 4			
	<u>2010</u>	<u>2009</u>	<u>Variance</u>	<u>% Change</u>
Land	\$ 2,577,163	\$ 2,577,163	\$ -	0%
Buildings	51,152,936	49,711,545	1,441,391	3%
Furniture & Equipment	2,078,620	1,968,444	110,176	6%
Construction in Process	-	-	-	0%
Accumulated Depreciation	<u>(33,695,125)</u>	<u>(31,670,927)</u>	<u>(2,024,198)</u>	6%
Net Capital Assets	<u>\$ 22,113,594</u>	<u>\$ 22,586,225</u>	<u>\$ (472,631)</u>	<u>-2%</u>

The following reconciliation summarizes the change in Capital Assets.

Beginning Balance, October 1, 2009	\$ 22,586,225
Additions and Disposals:	
Capital Fund Program - Improvements	1,510,123
Equipment purchases from Operating funds	61,712
Net Basis of Disposals	(17,360)
Depreciation Expense	<u>(2,027,106)</u>
Ending Balance, September 30, 2010	<u>\$ 22,113,594</u>

Debt Outstanding

As of year-end, the Authority had \$2,755,000 in debt outstanding compared to \$2,980,000 last year, a decrease of \$225,000. This debt is Multifamily Revenue Refunding Bonds. These proceeds were used to construct a 170 unit residential rental project.

Table 5

Outstanding Debt, at Year End

	Outstanding Debt, at year End		
	<u>2010</u>	<u>2009</u>	<u>Variance</u>
Mortgage Revenue Bonds	<u>\$ 2,755,000</u>	<u>\$ 2,980,000</u>	<u>\$ (225,000)</u>
Total Debt	<u>\$ 2,755,000</u>	<u>\$ 2,980,000</u>	<u>\$ (225,000)</u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs
- Beginning October 1, 2007 the Authority began its first compliance year under Asset Management mandated by HUD. The Central Office Cost Center (COCC) was established in accordance with HUD guidance. The COCC has begun a "fee for service" approach and is billing the asset management projects (AMPS) and other funds for its management service. These fees are in accordance with HUD regulation and meet the safe-harbor requirement of being reasonable. Therefore the funds are defederalized.

FINANCIAL CONTACT

The individual to be contacted regarding this report is Richard Herrington, Executive Director, Shreveport Housing Authority. Specific requests may be submitted to Richard Herrington, Executive Director, Shreveport Housing Authority, 2500 Line Avenue, Shreveport, Louisiana 71104.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

ASSETS

	<u>Enterprise Fund</u>
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 3,912,840
Accounts Receivable - Other	359,460
Tenants Accounts Receivable	50,895
(Allowance for Doubtful Accounts)	(37,812)
Prepaid Costs	144,392
Inventory	1,246
Total Current Assets	<u>4,431,021</u>
<u>Restricted Assets</u>	
Cash and Cash Equivalents	<u>4,224,005</u>
Total Restricted Assets	<u>4,224,005</u>
<u>Capital Assets</u>	
Land	2,577,163
Buildings	51,152,936
Furniture & Equipment	2,078,620
Construction in Process	-
	<u>55,808,719</u>
(Less): Accumulated Depreciation	<u>(33,695,125)</u>
Net Capital Assets	<u>22,113,594</u>
<u>Other Non-current Assets</u>	
Bond Issuance Fee Net of Amortization	<u>102,621</u>
Total Non-current Assets	<u>102,621</u>
Total Assets	<u><u>\$ 30,871,241</u></u>

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

LIABILITIES AND NET ASSETS

	<u>Enterprise Fund</u>
Liabilities	
<u>Current Liabilities</u>	
Accounts Payable	\$ 141,327
Accrued Wages / Payroll Taxes	97,349
Accrued Compensated Absences	183,171
Accrued Interest Payable	28,009
Accrued PILOT	93,826
Resident Security Deposits	112,818
Deferred Revenue	2,240
Current Maturities of Long Term Debt	235,000
Other Current Liabilities	76,056
Total Current Liabilities	<u>969,796</u>
<u>Long-Term Liabilities</u>	
Bonds Payable	2,520,000
Accrued Compensated Absences	132,543
Noncurrent Liabilities - Other	223,905
Total Long-Term Liabilities	<u>2,876,448</u>
Total Liabilities	<u>3,846,244</u>
<u>Net Assets</u>	
Investment in Capital Assets Net of Related Debt	19,461,215
Restricted Net Assets	4,000,100
Unrestricted Net Assets	3,563,682
Total Net Assets	<u>27,024,997</u>
Total Liabilities and Net Assets	<u>\$ 30,871,241</u>

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Enterprise Fund
<u>Operating Revenues</u>	
Dwelling Rent	\$ 2,310,212
Operating Grants	15,532,281
Other Income	85,441
Total Operating Revenues	<u>17,927,934</u>
<u>Operating Expenses</u>	
Administrative	2,701,169
Tenant Services	114,019
Utilities	546,099
Maintenance and Operations	1,725,492
Protective Services	120,286
General Expense	611,908
Housing Assistance Payments	11,163,160
Depreciation and Amortization	2,039,934
Total Operating Expenses	<u>19,022,067</u>
Operating Income (Loss)	<u>(1,094,133)</u>
<u>Non-Operating Revenues (Expenses)</u>	
Investment Income	29,731
Interest Expense	(179,539)
Gain (Loss) on Disposal of Capital Assets	250,028
Total Non-Operating Rev/(Exp)	<u>100,220</u>
Increase (Decrease) in Net Assets Before Capital Contributions and Transfers	<u>(993,913)</u>
Capital Contributions	<u>1,510,123</u>
Increase (Decrease) in Net Assets	516,210
Net Assets, Beginning	26,508,787
Net Assets, Ending	<u>\$ 27,024,997</u>

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Enterprise Fund
<u>Cash flows from operating activities:</u>	
Cash Received from Dwelling Rent	\$ 2,293,036
Cash Received from Operating Grants	15,509,966
Cash Received from Other Sources	81,235
Cash Payments for Salaries & Benefits	(2,846,768)
Cash Payments to Vendors and Landlords	(14,194,645)
Net Cash flows provided (used) by operating activities	<u>842,824</u>
<u>Cash flows from non-capital financing activities:</u>	
Net cash flows provided (used) by non-capital financing activities	<u>-</u>
<u>Cash flows from capital and related financing activities:</u>	
Capital Outlay	(1,571,835)
Capital Grants Received	1,510,123
Cash Received from Sale of Fixed Assets	267,388
Principal and interest payments on Capital Debt	(406,836)
Net cash flows provided (used) by capital and related financing activities	<u>(201,160)</u>
<u>Cash flows from investing activities:</u>	
Transfer from (to) Investments	-
Interest earned from cash and cash equivalents	29,861
Net cash flows provided (used) by investing activities	<u>29,861</u>
Net Increase (decrease) in cash and cash equivalents	<u>671,525</u>
Cash and cash equivalents, beginning of year:	<u>7,465,320</u>
Total cash and cash equivalents, end of year	<u>\$ 8,136,845</u>
<u>Reconciliation of operating income to net cash provided by (used in) operating activities:</u>	
Operating Income (Loss)	\$ (1,094,133)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	2,027,106
Amortization	12,828
Bad Debt Expense	22,062
Change in Tenants Accounts Receivable	(17,176)
Change in Accounts Receivable - Other	(4,507)
Change in Prepaid Expenses	(695)
Change in Inventory	53,555
Change in Accounts Payable	(253,307)
Change in Accrued Wages and Payroll Taxes	55,035
Change in Accrued Expenses	(45,720)
Change in Tenant Security Deposits	(4,206)
Change in Deferred Revenue	(17,808)
Change in Other Current Liabilities	109,790
Net cash provided by (used in) operating activities	<u>\$ 842,824</u>

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Housing Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority is a Special Purpose Government engaged only in business-type activities and therefore, presents only the financial statements required for the enterprise fund, in accordance with GASB Statement 34 paragraph 138.

The Authority has multiple programs which are accounted for in one enterprise fund, which is presented as the "enterprise fund" in the basic financial statements as follows:

Enterprise Fund – In accordance with the Enterprise Fund Method, activity is recorded using the accrual basis of accounting and the measurement focus is on the flow of economic resources. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This required the Housing Authority to account for operations in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Governmental Accounting Standards – The Housing Authority has applied all applicable Governmental Accounting Standards Board pronouncements as well as pronouncements issued by the Financial Accounting Standards Board on or before November 30, 1989, and those issued after November 30, 1989 except for those that conflict with or contradict Governmental Accounting Standards Board pronouncements.

Cash

The Housing Authority considers cash on hand and cash in checking to be cash equivalents.

Accounts Receivable

Tenant accounts receivables are carried at the amount considered by management to be collectible. Other accounts receivable consists of amounts due from HUD and State and Local governments for grant income.

Prepaid Items

Prepaid Items consists of payments made to vendors for services that will benefit future periods. Prepaid items include air conditioners purchased, but not yet received.

Deferred Revenue

The Authority recognizes revenues as earned. Amounts received in advance of the period in which it is earned is recorded as a liability under Deferred Revenue.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE A - SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

Inventory

Inventories consist of supplies that have not been used or consumed. Inventory is valued at average cost and is recorded as an expense when it is used or consumed.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The costs of maintenance and repairs are expensed while significant renewals and betterments are capitalized. Small dollar value minor equipment items are expensed. Depreciation on assets has been expensed in the statement of income. Estimated useful lives are as follows:

Buildings & Improvements	15 - 40 years
Furniture fixtures and equipment	3 - 7 years

Revenue Accounting Policies

Dwelling rent income, HUD grants received for operations, other operating fund grants and operating miscellaneous income are shown as operating income. HUD grants received for capital assets and all other revenue is shown as non-operating revenue.

These financial statements do not contain material inter-fund revenues and expenses for internal activity. The policy is to eliminate any material inter-fund revenues and expenses for these financial statements.

Intangible Assets

In accordance with SFAS 142 intangible assets with finite useful lives will be amortized over their estimated useful life. Bond issuance costs consist primarily of unamortized revenue bond issuance costs. Expenses relating to the issuance of the capital program bonds are capitalized and amortized on a straight-line basis over the term of the bond's maturity.

Cost Allocation Plan

In accordance with OMB Circular A-87, the Authority utilizes a Cost Allocation Plan. The Authority allocates indirect costs to programs on the basis of one of the following methods: direct salaries and wages, percentage of office square footage, number of vouchers and/or units, estimated/actual time spent, number of checks processed or the allotment stipulated in contractual agreements.

NOTE B - REPORTING ENTITY DEFINITION

The Authority is a separate non-profit corporation with a Board of Commissioners. The Mayor appoints the Board of Commissioners. However, the Authority has complete legislative and administrative authority and it recruits and employs personnel. The Authority adopts a budget that is approved by the Board of Commissioners. Subsidies for operations are received primarily from HUD. The Authority has substantial legal authority to control its affairs without local government approval; therefore, all operations of the Authority are a separate reporting entity as reflected in this report. The Authority is responsible for its debts and is entitled to surpluses.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE B - REPORTING ENTITY DEFINITION - CONTINUED

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in *Section 2100 and 2600 of the Codification of Governmental Accounting and Financial Reporting Standards and Statement No. 14 (amended), of the Governmental Accounting Standards Board: The Financial Reporting Entity and Statement No. 39 "Determining Whether Certain Organizations are Component Units."* These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the reporting entity includes the following blended component unit:

The Resident Advisory Board is a legally separate entity. The Resident Advisory Board is fiscally dependent on the Authority as the Authority provides 100% of their funding. The Resident Advisory Board is included through blended presentation because it exclusively benefits the Authority by providing services indirectly to the Authority. The Board was established to administer several federal programs for the Authority. The Board does not provide services other than to administer these federal programs for the Authority.

NOTE C - CASH AND INVESTMENT DEPOSITS

Custodial Credit Risk – The Authority policy is to limit credit risk by adherence to the list of HUD permitted investments, which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government.

Interest Rate Risk – The Housing Authority's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate volatility.

The U.S. Department of HUD requires housing authorities to invest excess funds in obligations of the U.S., *certificates of deposit or any other Federally insured investments.*

The Authority's cash and cash equivalents consist of cash held in interest bearing checking accounts totaling \$3,677,640 and \$235,000 including debt service funds restricted for payment of current debt. The restricted cash consists of \$4,224,005 held in interest bearing checking accounts including \$310,949 in debt service funds. The remaining \$200 is held in cash in petty cash funds. Deposits with financial institutions are secured as follows:

	<u>Per Books</u>	<u>Per Bank</u>
Insured by FDIC	\$ 298,067	\$ 500,000
Investments held in U.S. Treasury Obligations	-	-
Collateralized with specific securities in the Authority name which are held by the financial institution	7,838,578	8,261,315
Uncollateralized	-	-
	<u>\$ 8,136,645</u>	<u>\$ 8,761,315</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE C - CASH AND INVESTMENT DEPOSITS - CONTINUED

All investments are carried at cost plus accrued interest, which approximates market. The Authority had no realized gains or losses on the sale of investments. The calculation of realized gains or losses is independent of a calculation of the net change in the fair value of investments.

NOTE D - CONTRACTUAL COMMITMENTS

The significant Outstanding Contractual Commitments as of the Balance Sheet Date are as follows:

<u>Type Commitment</u>	<u>Amount</u>
Renovations	\$1,079,478

NOTE E - RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all risks of loss, including workman's compensation. The Authority established a risk management program for employee's group health insurance in 1995 (Note M). The Authority has not had any significant reductions in insurance coverage or any claims not reimbursed.

NOTE F - CONCENTRATION OF RISK

The Authority receives most of its funding from HUD. These funds and grants are subject to modification by HUD depending on the availability of funding.

NOTE G - SIGNIFICANT ESTIMATES

The financial statements include some amounts that are based on management's best estimates and judgments. The most significant estimates relate to depreciation and useful lives and inventory valuations. These estimates may be adjusted as more current information becomes available, and any adjustment could be significant.

NOTE H - COMPENSATED ABSENCES

The Authority follows Louisiana Civil Service regulations for accumulated annual leave and sick time. Employees may accumulate up to 300 hours annual leave which may be received upon termination or retirement. In a case where the employee notifies the Authority not less than six months prior to retirement or resignation, annual leave in excess of 300 may be utilized prior to separation of employment. Sick leave hours accumulate, but the employee is not paid for them if not used by the retirement or termination date. Leave accrued but not yet paid as of September 30, 2010, is shown as a liability allocated between current and noncurrent.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE I - PENSION PLAN

The Authority participates in the Housing-Renewal and Local Agency Retirement Plan, a defined contribution plan administered by Automatic Data Processing Retirement Services. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing one year of continuous and uninterrupted employment. The plan provisions and changes to the plan contributions are determined by the Board of the Housing Authority.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Authority contributes an amount equal to 8% of the employees' base salary (excluding overtime). The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous service. Up to 100% of Authority contributions for, and interest forfeited by, employees who leave employment before five years of service are refundable to the Authority, and are used to offset future contributions of the Housing Authority. During the current audit period, total contributions made by the Authority and employees totaled \$318,190.

Assets in the plan are recorded at market value and are administered by a private corporation under contract with the Housing Authority. It is the opinion of the Authority's legal counsel that the Housing Authority has no liability for losses under the plans but does have the duty of due care that would be required of an ordinary prudent investor.

NOTE J - PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows at September 30, 2010.

	PUBLIC HOUSING & CAPITAL FUND	SECTION 8 NEW CONSTRUCTION	REVITALIZATION OF SEVERLY DISTRESSED PUBLIC HOUSING	HOUSING CHOICE VOUCHERS
Land	\$ 1,660,270	\$ 411,180	\$ -	\$ -
Building and Improvements	41,362,237	4,292,782	15,300	887,650
Furniture, Fixtures and Equipment	1,123,250	173,693	-	437,834
Construction in Process	-	-	-	-
Less Accumulated Depreciation	(28,406,316)	(2,093,782)	(510)	(786,803)
Total Property and Equipment	<u>\$ 15,739,441</u>	<u>\$ 2,783,873</u>	<u>\$ 14,790</u>	<u>\$ 538,681</u>

	STATE / LOCAL	BUSINESS ACTIVITIES	COCC	TOTAL
Land	\$ -	\$ 505,713	\$ -	\$ 2,577,163
Building and Improvements	-	4,594,967	-	51,152,936
Furniture, Fixtures and Equipment	4,770	100,715	238,358	2,078,620
Construction in Process	-	-	-	-
Less Accumulated Depreciation	(4,770)	(2,164,917)	(238,027)	(33,695,125)
Total Property and Equipment	<u>\$ -</u>	<u>\$ 3,036,478</u>	<u>\$ 331</u>	<u>\$ 22,113,594</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE J - PROPERTY AND EQUIPMENT - CONTINUED

	October 1, 2009 <u>Balance</u>	<u>Additions</u>	<u>Transfers & Deletions</u>	September 30, 2010 <u>Balance</u>
Land	\$ 2,577,163	\$ -	\$ -	\$ 2,577,163
Construction in Process	-	-	-	-
Total Assets not being depreciated	2,577,163	-	-	2,577,163
Buildings and Improvements	49,711,545	1,441,391	-	51,152,936
Furniture and Equipment	1,968,444	130,442	(20,266)	2,078,620
Total Capital Assets	54,257,152	1,571,833	(20,266)	55,808,719
Less Accumulated Depreciation	(31,670,927)	(2,027,106)	2,908	(33,695,125)
Net Book Value	<u>\$ 22,586,225</u>	<u>\$ (455,273)</u>	<u>\$ (17,358)</u>	<u>\$ 22,113,594</u>

NOTE K - BONDS PAYABLE

In August of 1993, the Authority issued \$5,295,000 in Multifamily Mortgage Revenue Refunding Bonds, Series 1993A in order to acquire and construct a 170-unit multifamily residential rental project, the Goodman Plaza Assisted Project, located in Shreveport, Louisiana. The bonds are to be repaid from the rent, Housing Assistance Payments and other income generated from the property. The purchase contract required the Authority to create and maintain a Bond Fund, Debt Service Fund, Mortgage Payment Fund, Operating Fund, and Repair and Replacement Fund with the funds being administered by an outside Trustee (the current Trustee is The Bank of New York, formerly JP Morgan Chase). All the required funds were created and are being maintained. The bond interest rates vary from 3.25%, in August 1, 1994, to 6.10%, in August 1, 2019. The bonds are collateralized by the revenues derived from the operations of Goodman Plaza. Interest paid and expensed during the year was \$179,539.

Future bond payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Due</u>
2011	235,000	181,836	\$ 2,520,000
2012	255,000	168,056	2,265,000
2013	265,000	153,720	2,000,000
2014	290,000	138,166	1,710,000
2015	300,000	104,310	1,410,000
2016 - 2019	1,410,000	221,734	-
Total Payments	<u>\$ 2,755,000</u>	<u>\$ 967,822</u>	

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE L – LONG TERM DEBT

Long term debt at September 30, 2010 consisted of the following:

	October 1, 2009			September 30, 2010	Due Within
	<u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u>	<u>One Year</u>
Bonds Payable	\$ 2,980,000	\$ -	\$ 225,000	\$ 2,755,000	\$ 235,000
Compensated Absences	361,434	111,202	156,922	315,714	183,171
FSS Escrow Liability	-	223,905	-	223,905	-
Less: Current portion	<u>(381,922)</u>	<u>-</u>	<u>-</u>	<u>(418,171)</u>	<u>-</u>
Long Term Liabilities	<u>\$ 2,959,512</u>			<u>\$ 2,876,448</u>	<u>\$ 418,171</u>

NOTE M – SELF-INSURANCE

The Authority is partially self-insured for employee's group and health insurance coverage. Claims are funded through employee contributions and operating funds of the Authority. The Authority maintains stop-loss coverage with an insurance company for claims in excess of \$5,000 per claim for each employee. All known claims filed and an estimate of incurred but not reported claims based on experience of the Authority are made and accrued as necessary in the financial statements. Changes in the balances of claims liabilities during the past three years are as follows:

	2008	2009	2010
Unpaid Claims, beginning of fiscal year	\$ 52,813	91,995	159,757
Incurred claims	91,995	159,757	85,487
Claim Payments	<u>(52,813)</u>	<u>(91,995)</u>	<u>(199,146)</u>
Unpaid Claims, end of fiscal year	<u>\$ 91,995</u>	<u>\$ 159,757</u>	<u>\$ 46,098</u>

NOTE N – INTERPROGRAM ACTIVITY

The Housing Authority manages several programs. Many charges, i.e., payroll, benefits, insurance, etc. are paid by the Housing Authority's various funds and subsequently reimbursed by the Public Housing Program. Balances due for such charges are reflected in the Interprogram Due to/Due from account balances. Interprograms at September 30, 2010 consisted of the following:

COCC	\$ 1,214,321
Business Activities	152,468
Low Rent Public Housing	75,333
DHAP	38,965
Capital Fund Program	(16,593)
HOPE VI	(7,531)
State/Local	(8,370)
Section 8 Moderate Rehab	(30,228)
Housing Choice Vouchers	(572,703)
Section 8 New Construction	<u>(845,662)</u>
Total	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE O – DEFERRED FINANCING COSTS

Cost relating to obtaining the Revenue Bond financing are capitalized and amortized over the term of the related debt using the straight line method. Capitalized bond issue costs and discounts total \$320,693 and accumulated amortization at September 30, 2010 was \$218,072 (for a net of \$102,621). When a loan is paid in full, any unamortized financing costs are removed from the related accounts and charged to operations.

NOTE P – RESTRICTED CASH

The Authority's restricted cash consists of the following as of the end of the fiscal year:

Restricted for HAP Payments	\$ 3,454,151
Cash Restricted for FSS Escrows	223,905
Restricted for Debt Service and Related Reserves	545,949
	<u>\$ 4,224,005</u>

NOTE Q – RESTRICTED NET ASSETS

Restricted net assets consist of the following:

Restricted for HAP Payments	\$ 3,454,151
Restricted for Debt Service and Related Reserves	545,949
	<u>\$ 4,000,100</u>

Housing Assistance Payment (HAP) funds are available to the Authority under the Section 8 Housing Choice Vouchers program. These funds are to be used only for HAP expenditures of the program.

NOTE R – ACCOUNTS RECEIVABLE – OTHER

Accounts Receivable – Other, consists of the following:

Accounts Receivable - HUD	\$ 329,952
Accounts Receivable - Land Acquisition	20,940
Accounts Receivable - Miscellaneous	8,568
Total Accounts Receivable Other	<u>\$ 359,460</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE S – COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from HUD are subject to audit and adjustment by grantor agencies. If expenses are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

In the prior year, finding 09-02 identifies questionable payments made. The payments in the prior year of \$176,599 are not considered material for the purposes of the financial statements and Federal Awards opinions. However, since the finding encompasses a number of prior years, the aggregate amount of questioned costs is in the amount of \$1,043,819. This amount in aggregate would be considered a material contingency if the amount in question was disallowed by HUD and a recoupment of the funds initiated.

In addition, the Capital Fund formula rule at 24 Code of Federal Regulations (CFR), section 905.10(i) provides that an Authority may receive RHF funding for public housing units demolished or sold for a period of up to five years. The Authority may only develop or acquire public housing rental units with RHF funds, and all replacement housing must be undertaken in accordance with public housing development regulations found at 24 CFR, part 941.

The auditors were notified that the funds expended for Capital Fund Program – Replacement Housing Factor grants 501.07 and 501.08, (grant amounts of \$396,213 and \$317,041, respectfully) were expended inappropriately. The funds had not been expended to develop or acquire new public housing rental units as stated by the grant requirements, but instead, had been used to modify existing public housing properties. This amount in aggregate would be considered a material contingency if the amount in question was disallowed by HUD and a recoupment of the funds initiated.

NOTE T – SUBSEQUENT EVENTS

In preparing financial statements, management evaluated subsequent events through June 22, 2011, the date the financial statements were issued.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS BY PROGRAM
SEPTEMBER 30, 2010

ASSETS

	Public Housing Program	Capital Fund Program	Section 8 New Construction	Section 8 Moderate Rehab	Revitalization of Severely Distressed Public Housing	Resident Opportunity Supportive Services	Housing Choice Vouchers	Disaster Voucher
<u>Current Assets</u>								
Cash and Cash Equivalents	\$ 2,969,438	\$ -	\$ 523,002	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable - Other	-	16,593	-	179,872	-	-	132,666	-
Tenants Accounts Receivable	26,933	-	1,479	-	-	-	-	-
(Allowance for Doubtful Accounts)	(20,146)	-	(1,109)	-	-	-	-	-
Prepaid Costs	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Interprogram Receivable	847,289	-	169,431	16,836	-	-	-	-
Total Current Assets	3,823,514	16,593	592,803	196,708	-	-	132,666	-
<u>Restricted Assets</u>								
Cash and Cash Equivalents	96,071	-	545,949	-	-	-	3,581,985	-
Total Restricted Assets	96,071	-	545,949	-	-	-	3,581,985	-
<u>Capital Assets</u>								
Land	1,660,270	-	411,180	-	-	-	-	-
Buildings	38,887,725	2,474,512	4,292,782	-	15,300	-	887,650	-
Furniture & Equipment	985,770	137,480	173,693	-	-	-	437,834	-
Construction in Process	-	-	-	-	-	-	-	-
(Less): Accumulated Depreciation	41,533,765	2,611,992	4,877,655	-	15,300	-	1,325,484	-
Net Capital Assets	(28,336,050)	(70,266)	(2,093,782)	-	(510)	-	(766,803)	-
	13,197,715	2,541,726	2,783,873	-	14,790	-	538,661	-
<u>Other Non-current Assets</u>								
Bond Issuance Fee Net of Amortization	-	-	102,621	-	-	-	-	-
Total Non-current Assets	-	-	102,621	-	-	-	-	-
Total Assets	\$ 17,117,300	\$ 2,558,319	\$ 4,125,246	\$ 196,708	\$ 14,790	\$ -	\$ 4,253,332	\$ -

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS BY PROGRAM
SEPTEMBER 30, 2010

ASSETS

	<u>DHAP</u>	<u>State/ Local</u>	<u>Business Activities</u>	<u>ARRA</u>	<u>COCC</u>	<u>Elimination</u>	<u>Total</u>
<u>Current Assets</u>							
Cash and Cash Equivalents	\$ -	\$ 7,005	\$ 412,140	\$ -	\$ 1,255	\$ -	\$ 3,912,840
Accounts Receivable - Other	-	9,081	20,940	-	308	-	359,460
Tenants Accounts Receivable	1,100	-	21,383	-	-	-	50,895
(Allowance for Doubtful Accounts)	-	-	(16,557)	-	-	-	(37,812)
Prepaid Costs	-	-	-	-	144,392	-	144,392
Inventory	-	-	-	-	1,246	-	1,246
Interprogram Receivable	38,965	-	152,468	-	1,214,321	(2,439,310)	-
Total Current Assets	40,065	16,086	590,374	-	1,361,522	(2,439,310)	4,431,021
<u>Restricted Assets</u>							
Cash and Cash Equivalents	-	-	-	-	-	-	4,224,005
Total Restricted Assets	-	-	-	-	-	-	4,224,005
<u>Capital Assets</u>							
Land	-	-	505,713	-	-	-	2,577,163
Buildings	-	-	4,594,967	-	-	-	51,152,936
Furniture & Equipment	-	4,770	100,715	-	238,358	-	2,078,620
Construction in Process	-	-	-	-	-	-	-
(Less): Accumulated Depreciation	-	4,770	5,201,395	-	238,358	-	55,808,719
Net Capital Assets	-	(4,770)	(2,164,917)	-	(238,027)	-	(33,695,125)
	-	-	3,036,478	-	331	-	22,113,594
<u>Other Non-current Assets</u>							
Bond Issuance Fee Net of Amortization	-	-	-	-	-	-	102,621
Total Non-current Assets	-	-	-	-	-	-	102,621
Total Assets	\$ 40,065	\$ 16,086	\$ 3,626,852	\$ -	\$ 1,361,853	\$ (2,439,310)	\$ 30,871,241

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS BY PROGRAM
SEPTEMBER 30, 2010

LIABILITIES AND NET ASSETS

Liabilities	Public Housing Program	Capital Fund Program	Section 8 New Construction	Section 8 Moderate Rehab	Revitalization of Severely Distressed Public Housing				Resident Opportunity Supportive Services	Housing Choice Vouchers	Disaster Voucher
<u>Current Liabilities</u>											
Accounts Payable	\$ 55,482	\$ -	\$ 27,503	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,096	\$ -
Accrued Wages / Payroll Taxes	27,445	-	8,174	-	-	-	-	-	-	17,925	-
Accrued Compensated Absences	26,412	-	47,347	-	-	-	-	-	-	14,187	-
Accrued Interest Payable	-	-	28,009	-	-	-	-	-	-	-	-
Accrued PILOT	93,826	-	-	-	-	-	-	-	-	-	-
Resident Security Deposits	65,089	-	27,492	-	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	-	-	-	-	-
Current Maturities of Long Term Debt	-	-	235,000	-	-	-	-	-	-	-	-
Other Current Liabilities	-	-	29,958	-	-	-	-	-	-	-	-
Interprogram Payable	771,956	16,593	1,015,093	47,064	7,531	-	-	-	-	572,703	-
Total Current Liabilities	1,040,210	16,593	1,418,576	47,064	7,531	-	-	-	-	626,911	-
<u>Long-Term Liabilities</u>											
Bonds Payable	-	-	2,520,000	-	-	-	-	-	-	-	-
Accrued Compensated Absences	63,294	-	5,627	-	-	-	-	-	-	16,656	-
Noncurrent Liabilities - Other	96,071	-	-	-	-	-	-	-	-	127,834	-
Total Long-Term Liabilities	159,365	-	2,525,627	-	-	-	-	-	-	144,490	-
Total Liabilities	1,199,575	16,593	3,944,203	47,064	7,531	-	-	-	-	771,401	-
<u>Net Assets</u>											
Investment in Capital Assets											
Net of Related Debt	13,197,715	2,541,726	131,494	-	14,790	-	-	-	-	538,681	-
Restricted Net Assets	-	-	545,949	-	-	-	-	-	-	3,454,151	-
Unrestricted Net Assets	2,720,010	-	(496,400)	149,644	(7,531)	-	-	-	-	(510,901)	-
Total Net Assets	15,917,725	2,541,726	181,043	149,644	7,259	-	-	-	-	3,481,931	-
Total Liabilities and Net Assets	\$ 17,117,300	\$ 2,558,319	\$ 4,125,246	\$ 196,708	\$ 14,790	\$ -	\$ -	\$ -	\$ -	\$ 4,253,332	\$ -

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS BY PROGRAM
SEPTEMBER 30, 2010

LIABILITIES AND NET ASSETS

Liabilities	DHAP	State/ Local	Business Activities	ARRA	COCC	Elimination	Total
<u>Current Liabilities</u>							
Accounts Payable	\$ -	\$ -	\$ 23,491	\$ -	\$ 12,755	\$ -	\$ 141,327
Accrued Wages / Payroll Taxes	-	-	6,576	-	37,229	-	97,349
Accrued Compensated Absences	-	-	6,907	-	88,318	-	183,171
Accrued Interest Payable	-	-	-	-	-	-	28,008
Accrued PILOT	-	-	-	-	-	-	93,826
Resident Security Deposits	626	-	19,611	-	-	-	112,818
Deferred Revenue	-	2,240	-	-	-	-	2,240
Current Maturities of Long Term Debt	-	-	-	-	-	-	235,000
Other Current Liabilities	-	-	-	-	46,098	-	76,056
Interprogram Payable	-	8,370	-	-	-	(2,439,310)	-
Total Current Liabilities	626	10,610	56,585	-	184,400	(2,439,310)	969,796
<u>Long-Term Liabilities</u>							
Bonds Payable	-	-	-	-	-	-	2,520,000
Accrued Compensated Absences	-	-	14,205	-	32,761	-	132,543
Noncurrent Liabilities - Other	-	-	-	-	-	-	223,905
Total Long-Term Liabilities	-	-	14,205	-	32,761	-	2,876,448
Total Liabilities	626	10,610	70,790	-	217,161	(2,439,310)	3,846,244
<u>Net Assets</u>							
Investment in Capital Assets	-	-	3,036,478	-	331	-	19,461,215
Net of Related Debt	-	-	-	-	-	-	4,000,100
Restricted Net Assets	39,439	5,476	519,584	-	1,144,361	-	3,563,682
Unrestricted Net Assets	39,439	5,476	3,556,062	-	1,144,692	-	27,024,997
Total Liabilities and Net Assets	\$ 40,065	\$ 16,086	\$ 3,626,852	\$ -	\$ 1,381,853	\$ (2,439,310)	\$ 30,871,241

**THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA
SCHEDULE OF REVENUES, EXPENSES AND NET ASSETS BY PROGRAM
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Public Housing Program	Capital Fund Program	Section 8 New Construction	Section 8 Moderate Rehab	Revitalization of Severely Distressed Public Housing	Resident Opportunity Supportive Services	Housing Choice Vouchers	Disaster Voucher
Operating Revenues								
Dwelling Rent	\$ 1,240,131	\$ -	\$ 422,380	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Grants	1,984,624	66,467	623,250	179,872	-	-	12,643,885	-
Other Income	11,010	-	15,430	1,142	-	-	25,648	-
Total Operating Revenues	3,235,765	66,467	1,061,060	181,014	-	-	12,669,533	-
Operating Expenses								
Administrative	876,534	58,711	288,152	9,282	-	-	1,478,648	-
Tenant Services	98,454	7,758	1,141	-	-	-	2,082	-
Utilities	230,726	-	215,444	-	-	-	11,717	-
Maintenance and Operations	919,943	-	353,133	-	-	-	18,933	-
Protective Services	76,408	-	36,455	-	-	-	-	-
General Expense	292,591	-	33,255	-	-	-	176,524	-
Housing Assistance Payments	-	-	-	142,610	-	-	11,000,694	-
Depreciation and Amortization	1,744,130	49,454	93,151	-	510	-	47,423	-
Total Operating Expenses	4,238,386	115,923	1,020,731	151,892	510	-	12,736,021	-
Operating Income (Loss)	(1,002,621)	(49,456)	40,329	29,122	(510)	-	(66,488)	-
Non-Operating Revenues (Expenses)								
Investment Income	3,106	-	3,582	1,141	-	-	11,556	-
Interest Expense	-	-	(179,539)	-	-	-	-	-
Gain (Loss) on Disposal of Capital Assets	235,284	-	-	-	-	-	-	-
Total Non-Operating Rev/(Exp)	238,390	-	(175,957)	1,141	-	-	11,556	-
Increase (Decrease) in Net Assets Before Capital Contributions and Transfers	(764,231)	(49,456)	(135,628)	30,263	(510)	-	(54,932)	-
Capital Contributions	-	945,296	-	-	-	-	-	-
Increase (Decrease) in Net Assets	(764,231)	895,840	(135,628)	30,263	(510)	-	(54,932)	-
Equity Transfers	2,281,842	(1,737,827)	-	-	-	(28,746)	483,901	-
Net Assets, Beginning	14,400,114	3,383,713	316,671	119,381	7,789	28,746	3,052,962	-
Net Assets, Ending	\$ 15,917,725	\$ 2,541,726	\$ 181,043	\$ 149,644	\$ 7,259	\$ -	\$ 3,481,931	\$ -

**THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA
SCHEDULE OF REVENUES, EXPENSES AND NET ASSETS BY PROGRAM
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<u>DHAP</u>	<u>State/ Local</u>	<u>Business Activities</u>	<u>ARRA</u>	<u>COCC</u>	<u>Elimination</u>	<u>Total</u>
<u>Operating Revenues</u>							
Dwelling Rent	\$ -	\$ -	\$ 647,701	\$ -	\$ -	\$ -	\$ 2,310,212
Operating Grants	3,335	-	-	665	30,183	-	15,532,281
Other Income	9,216	1,534	21,461	-	1,151,399	(1,151,399)	85,441
Total Operating Revenues	12,551	1,534	669,162	665	1,181,582	(1,151,399)	17,927,934
<u>Operating Expenses</u>							
Administrative	6,857	8,335	252,350	-	673,699	(1,151,399)	2,701,169
Tenant Services	-	-	3,919	665	-	-	114,019
Utilities	-	-	60,919	-	27,293	-	546,099
Maintenance and Operations	-	-	331,112	-	102,771	-	1,725,492
Protective Services	-	-	7,323	-	100	-	120,286
General Expense	-	-	51,372	-	58,166	-	611,908
Housing Assistance Payments	19,856	-	-	-	-	-	11,163,160
Depreciation and Amortization	-	1,038	83,416	20,812	-	-	2,039,934
Total Operating Expenses	26,713	9,373	790,411	21,477	1,062,029	(1,151,399)	19,022,067
Operating Income (Loss)	(14,162)	(7,839)	(121,249)	(20,812)	119,553	-	(1,094,133)
<u>Non-Operating Revenues (Expenses)</u>							
Investment Income	-	205	1,478	-	8,663	-	29,731
Interest Expense	-	-	-	-	-	-	(179,539)
Gain (Loss) on Disposal of Capital Assets	-	-	(5,412)	-	20,156	-	250,028
Total Non-Operating Rev/(Exp)	-	205	(3,934)	-	28,819	-	100,220
Increase (Decrease) in Net Assets Before Capital Contributions and Transfers	(14,162)	(7,634)	(125,183)	(20,812)	148,372	-	(993,913)
Capital Contributions	-	-	-	564,827	-	-	1,510,123
Increase (Decrease) in Net Assets	(14,162)	(7,634)	(125,183)	544,015	148,372	-	516,210
Equity Transfers	(483,901)	-	-	(544,015)	28,746	-	-
Net Assets, Beginning	537,502	13,110	3,681,245	-	967,574	-	26,508,787
Net Assets, Ending	\$ 39,439	\$ 5,476	\$ 3,556,062	\$ -	\$ 1,144,692	\$ -	\$ 27,024,997

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA
SUMMARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2010

EXPENDITURES

Low Rent Public Housing Expenditures	
Total CFDA Number 14.850a	<u>\$ 2,014,807</u>
Section 8 New Construction	
Total CFDA Number 14.182	<u>623,250</u>
Section 8 Moderate Rehabilitation	
Total CFDA Number 14.856	<u>179,872</u>
Section 8 Housing Choice Vouchers	
Total CFDA Number 14.871	<u>12,643,885</u>
Public Housing Capital Fund Program	
Total CFDA Number 14.872 (CFP Cluster)	<u>1,011,763</u>
Public Housing Capital Fund Stimulus Recovery Act Funded	
Total CFDA Number 14.885 (CFP Cluster)	<u>565,492</u>
Total HUD Expenditures	<u>17,039,069</u>
Disaster Housing Assistance Program	
Total CDFA Number 97.109	<u>3,335</u>
Total Federal Emergency Management Agency Expenditures	<u>3,335</u>
TOTAL FEDERAL EXPENDITURES	<u><u>\$ 17,042,404</u></u>

Basis of Presentation:

The above schedule of expenditures of federal awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA
FINANCIAL DATA SCHEDULE
SEPTEMBER 30, 2010

ASSETS	LCM ASST	Capital Fund	SECTION 8 CONSTRUCTION	MODERATE REHABILITATION (103)	MODERATE REHABILITATION (107)	MODERATE REHABILITATION (109)	REHABILITATION OF SEVERELY DISTRESSED PUBLIC HOUSING (110)	REHABILITATION OF SEVERELY DISTRESSED PUBLIC HOUSING (111)	RESIDENT OPPORTUNITY & SUPPORTIVE SERVICES (112)	HOUSING CHOICE VOUCHERS (113)	DISASTER 14 DAY
100 TOTAL ASSETS	14,950,000	14,973	14,132	14,056	14,056	14,056	14,056	14,056	14,056	14,071	14,071
CURRENT ASSETS											
CASH											
111 CASH UNRESTRICTED	2,891,349	-	288,002	-	-	-	-	-	-	-	-
112 CASH RESTRICTED MODIFICATION AND DRY	-	-	-	-	-	-	-	-	-	-	-
113 CASH OTHER RESTRICTED	94,071	-	145,145	-	-	-	-	-	-	1,581,933	-
114 CASH TREASURY SECURITY DEPOSIT	45,089	-	-	-	-	-	-	-	-	-	-
115 CASH RESTRICTED FOR PNT OF CURRENT DEBT	-	-	235,000	-	-	-	-	-	-	-	-
116 TOTAL CASH	3,045,509	-	468,147	-	-	-	-	-	-	1,581,933	-
ACCOUNTS AND NOTES RECEIVABLE											
121 A/P - PMA PROJECTS	-	-	-	-	-	-	-	-	-	-	-
122 A/P - HUD PROJECTS	-	-	-	-	-	-	-	-	-	-	-
123 A/P - OTHER GOVT	-	-	-	-	-	-	-	-	-	-	-
124 A/P - MISC	-	-	-	-	-	-	-	-	-	-	-
125 A/P - TENANTS' UNPAID RENT	26,233	-	1,475	-	-	-	-	-	-	-	-
126.1 ALLOWANCE FOR D.A. - TENANTS	20,140	-	(1,291)	-	-	-	-	-	-	-	-
126.2 ALLOWANCE FOR D.A. - OTHER	-	-	-	-	-	-	-	-	-	-	-
127 NOTES AND RECEIVABLES	-	-	-	-	-	-	-	-	-	-	-
128 PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.1 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.2 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.3 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.4 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.5 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.6 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.7 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.8 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.9 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.10 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.11 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.12 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.13 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.14 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.15 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.16 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.17 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.18 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.19 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.20 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.21 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.22 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.23 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.24 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.25 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.26 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.27 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.28 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.29 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.30 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.31 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.32 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.33 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.34 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.35 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.36 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.37 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.38 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.39 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.40 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.41 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.42 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.43 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.44 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.45 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.46 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.47 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.48 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.49 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.50 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.51 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.52 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.53 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.54 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.55 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.56 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.57 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.58 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.59 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.60 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.61 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.62 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.63 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.64 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.65 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.66 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.67 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.68 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.69 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.70 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.71 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.72 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.73 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.74 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.75 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.76 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.77 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.78 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.79 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.80 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.81 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.82 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.83 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.84 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.85 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.86 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.87 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.88 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.89 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.90 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.91 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.92 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.93 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.94 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.95 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.96 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.97 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.98 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
129.99 ALLOWANCE FOR PAID RECOVERY	-	-	-	-	-	-	-	-	-	-	-
130 TOTAL CURRENT ASSETS	3,219,585	14,553	1,238,752	-	-	-	-	-	-	3,714,551	-
NONCURRENT ASSETS											
141 LAND	1,140,320	-	411,100	-	-	-	-	-	-	-	-
142 BUILDINGS	29,187,725	2,174,513	6,272,755	-	-	-	-	-	-	187,150	-
143 FURNITURE & EQUIPMENT - DWELLINGS	111,271	36,274	10,209	-	-	-	-	-	-	-	-
144 FURNITURE & EQUIPMENT - ADMINISTRATIVE	475,888	41,134	21,462	-	-	-	-	-	-	437,914	-
145 LEASEHOLD IMPROVEMENTS	-	-	-	-	-	-	-	-	-	-	-
146 CONSTRUCTION IN PROGRESS	-	-	-	-	-	-	-	-	-	-	-
147 ACCUMULATED DEPRECIATION	(28,334,003)	(10,244)	(2,032,762)	-	-	-	-	-	-	(184,401)	-
148 TOTAL NONCURRENT ASSETS	13,197,715	2,531,234	2,782,872	-	-	-	-	-	-	337,483	-
149 TOTAL ASSETS	17,197,715	2,545,788	2,886,874	-	-	-	-	-	-	6,259,481	-
LIABILITIES AND EQUITY											
150 TOTAL LIABILITIES	17,197,715	2,545,788	2,886,874	-	-	-	-	-	-	6,259,481	-
CURRENT LIABILITIES											
151 BANK OVERDRAFT	55,482	-	27,603	-	-	-	-	-	-	27,604	-
152 A/P < 90 DAYS	-	-	-	-	-	-	-	-	-	-	-
153 A/P > 90 DAYS	27,415	-	8,378	-	-	-	-	-	-	37,223	-
154 ACCRUED WAGES/PAYROLL TAXES PAYABLE	26,412	-	47,247	-	-	-	-	-	-	14,187	-
155 ACCRUED COMPENSATED ABSENCES	-	-	-	-	-	-	-	-	-	-	-
156 ACCRUED CURRENT LIABILITY	-	-	-	-	-	-	-	-	-	-	-
157 ACCRUED INTEREST PAYABLE	-	-	28,083	-	-	-	-	-	-	-	-
158 ACCRUED PAYABLE - PMA PROJECTS	-	-	-	-	-	-	-	-	-	-	-
159 ACCRUED PAYABLE - HUD PROJECTS	-	-	-	-	-	-	-	-	-	-	-
160 ACCRUED PAYABLE - OTHER GOVT	92,424	-	-	-	-	-	-	-	-	-	-
161 TREASURY SECURITY DEPOSIT	93,081	-	37,432	-	-	-	-	-	-	-	-
162 DEFERRED REVENUES	-	-	216,800	-	-	-	-	-	-	-	-
163 CURRENT PORTION OF LT DEBT CAPITAL	-	-	-	-	-	-	-	-	-	-	-
164 CURRENT PORTION OF LT DEBT OPERATING	-	-	29,298	-	-	-	-	-	-	-	-
165 OTHER CURRENT LIABILITIES	-	-	-	-	-	-	-	-	-	-	-
166 ACCRUED LIABILITIES - OTHER	-	-	-	-	-	-	-	-	-	-	-
167 INTERPROGRAM DUE TO	771,956	16,593									

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA
FINANCIAL DATA SCHEDULE
SEPTEMBER 30, 2010

[illegible]

SEPTEMBER 30, 2010

[illegible]

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA
FINANCIAL DATA SCHEDULE
SEPTEMBER 30, 2010

ASSETS	DEBT	STATE/	BUSINESS	AREA	CLCC	ESTIMATIONS	TOTAL
97.104	LOCAL	ACTIVITIES					
CURRENT ASSETS							
CASH							
111 CASH RESTRICTED							
112 CASH RESTRICTED NONREVENUE AND DEBT							
113 CASH OTHER RESTRICTED							
114 CASH TRUST SECURITY DEPOSIT							
115 CASH RESTRICTED FOR PAY OF CURRENT DEBT							
109 TOTAL CASH							
ACCOUNTS AND NOTES RECEIVABLE							
121 A/R - PMA PROJECTS							
122 A/R - HUD PROJECTS							
123 A/R - STURM GOVT							
124 A/R - MISC							
125 A/R - TENANTS DOWNSIDE RENT							
126.1 ALLOWANCE FOR D.A. - TENANTS							
126.2 ALLOWANCE FOR D.A. - OTHER							
127 NOTES AND MORTGAGES RECEIVABLE							
128 FRAUD ALLOWANCE							
129 ALLOWANCE FOR FRAUD RECOVERY							
129 ACCRUED INTEREST RECEIVABLE							
129 TOTAL RECEIVABLES NET OF ALLOWANCE							
CURRENT INVESTMENTS							
131 INVESTMENTS - UNRESTRICTED							
132 INVESTMENTS - RESTRICTED							
142 FRAUD INSURANCE							
143 INVESTMENTS - MATERIALS							
143.1 ALLOWANCE FOR CONSTRUCTION DEF							
144 INTERPOLARIS DUE FROM							
144 AMOUNTS TO BE PROVIDED							
145 TOTAL CURRENT ASSETS							
FIXED ASSETS							
146 LAND							
147 BUILDINGS							
148 FURNITURE & EQUIPMENT - DWELLINGS							
149 FURNITURE & EQUIPMENT - ADMINISTRATIVE							
150 LEASEHOLD IMPROVEMENTS							
151 CONSTRUCTION IN PROGRESS							
152 ACCUMULATED DEPRECIATION							
153 TOTAL FIXED ASSETS, NET OF DEPRE							
OTHER ASSETS							
171 OTHER ASSETS RECEIVABLE - E/C							
172 OTHER ASSETS RECEIVABLE - PP							
173 OTHER ASSETS							
174 DEFERRED IN COST - VESTING							
175 TOTAL OTHER ASSETS							
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							
211 BANK OVERDRAFT							
212 A/P < 90 DAYS							
213 A/P > 90 DAYS							
222 ACCRUED MISC/PAYROLL TAXES PAYABLE							
223 ACCRUED COMPENSATION AMOUNTS							
224 ACCRUED CONTINGENCY LIABILITY							
225 ACCRUED INTEREST PAYABLE							
226 ACCRUED PAYABLE - HUD PMA PROGRAMS							
227 ACCRUED PAYABLE - PMA PROJECTS							
228 ACCRUED PAYABLE OTHER GOVT							
229 TRUST SECURITY DEPOSIT							
230 INTEREST REVENUE							
231 CURRENT PORTION OF LT DEBT CAPITAL							
232 CURRENT PORTION OF LT DEBT OPERATING							
233 OTHER CURRENT LIABILITIES							
234 ACCRUED LIABILITY - OTHER							
235 INTERPOLARIS DUE TO							
236 TOTAL CURRENT LIABILITIES							

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA
FINANCIAL DATA SCHEDULE
SEPTEMBER 30, 2010

CHAP	STATE/	ACTIVITY	AREA	COCU	ELIMINATIONS	TOTAL
37.133	LOCAL					
150		NONRENT INCOME				
151		LONG TERM INT NET OF CURRENT CAPITAL				2,520,000
152		LONG TERM INT NET OF CURRENT OPERATING				
153		LONG TERM INT NET OF CURRENT OPERATING				332,832
154		LONG TERM INT NET OF CURRENT OPERATING				332,832
155		NONRENT INCOME				2,852,832
156		TOTAL NONRENT INCOME				2,852,832
157		TOTAL LIABILITIES				2,852,832
158		TOTAL LIABILITIES				2,852,832
159		TOTAL LIABILITIES				2,852,832
160		TOTAL LIABILITIES				2,852,832
161		TOTAL LIABILITIES				2,852,832
162		TOTAL LIABILITIES				2,852,832
163		TOTAL LIABILITIES				2,852,832
164		TOTAL LIABILITIES				2,852,832
165		TOTAL LIABILITIES				2,852,832
166		TOTAL LIABILITIES				2,852,832
167		TOTAL LIABILITIES				2,852,832
168		TOTAL LIABILITIES				2,852,832
169		TOTAL LIABILITIES				2,852,832
170		TOTAL LIABILITIES				2,852,832
171		TOTAL LIABILITIES				2,852,832
172		TOTAL LIABILITIES				2,852,832
173		TOTAL LIABILITIES				2,852,832
174		TOTAL LIABILITIES				2,852,832
175		TOTAL LIABILITIES				2,852,832
176		TOTAL LIABILITIES				2,852,832
177		TOTAL LIABILITIES				2,852,832
178		TOTAL LIABILITIES				2,852,832
179		TOTAL LIABILITIES				2,852,832
180		TOTAL LIABILITIES				2,852,832
181		TOTAL LIABILITIES				2,852,832
182		TOTAL LIABILITIES				2,852,832
183		TOTAL LIABILITIES				2,852,832
184		TOTAL LIABILITIES				2,852,832
185		TOTAL LIABILITIES				2,852,832
186		TOTAL LIABILITIES				2,852,832
187		TOTAL LIABILITIES				2,852,832
188		TOTAL LIABILITIES				2,852,832
189		TOTAL LIABILITIES				2,852,832
190		TOTAL LIABILITIES				2,852,832
191		TOTAL LIABILITIES				2,852,832
192		TOTAL LIABILITIES				2,852,832
193		TOTAL LIABILITIES				2,852,832
194		TOTAL LIABILITIES				2,852,832
195		TOTAL LIABILITIES				2,852,832
196		TOTAL LIABILITIES				2,852,832
197		TOTAL LIABILITIES				2,852,832
198		TOTAL LIABILITIES				2,852,832
199		TOTAL LIABILITIES				2,852,832
200		TOTAL LIABILITIES				2,852,832

SEPTEMBER 30, 2010

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THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT

SHREVEPORT, LOUISIANA

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

SEPTEMBER 30, 2010

Section I: Summary of Auditor's Results:

FINANCIAL STATEMENTS

Type of auditor's report issued:

Unqualified

Internal Control over financial reporting:

Are material weaknesses identified?

___ Yes

X No

Are significant deficiencies that are not considered
to be material weaknesses identified?

___ Yes

X None
Reported

Is noncompliance that could have a material effect
on the financial statements identified?

___ Yes

X No

FEDERAL AWARDS

Internal control over major programs:

Are material weaknesses identified?

X Yes

___ None

Are significant deficiencies that are not considered
to be material weaknesses identified?

___ Yes

X None
Reported

Type of report issued on compliance with requirements
applicable to each major program:

Section 8 - New Construction

Unqualified

All other major federal programs

Qualified

Are there any audit findings that are required to be
reported in accordance with Section 510(a) of OMB
Circular A-133?

X Yes

___ No

Identification of major programs:

Name of Federal Program

CFDA No.

Section 8 - New Construction

14.182

Low Rent Public Housing

14.850a

Housing Choice Vouchers

14.871

Public Housing Capital Fund Program

14.872

Public Housing Capital Fund Stimulus Recovery Act Funded

14.885

Dollar threshold used to distinguish between type A and type B programs: \$511,272

Is the auditee identified as a low-risk auditee?

___ Yes

X No

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT

SHREVEPORT, LOUISIANA

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

SEPTEMBER 30, 2010

Section II: Financial Statement Findings:

Prior Year Findings and Questioned Costs

Finding 09 – 01 – Internal Control and Financial Management Systems

Section 8 New Construction – CFDA No. 14.182; Grant period – year ended September 30, 2009
Low Rent Public Housing – CFDA No. 14.850a; Grant period – year ended September 30, 2009
Moderate Rehabilitation – CFDA No. 14.856; Grant period – year ended September 30, 2009
Housing Choice Vouchers – CFDA No. 14.871; Grant period – year ended September 30, 2009
Capital Fund Program – CFDA No. 14.872; Grant period – year ended September 30, 2009
Disaster Housing Assistance – CFDA No. 97.109; Grant period – year ended September 30, 2009
Business Activities – year ended September 30, 2009

Criteria:

The Authority must comply with all HUD regulations regarding standards for financial management systems found in 24CFR Part 85, Section 85.20. Such regulations require standards for financial management systems as follows:

1. Accounting Records
2. Internal Control
3. Budget Control
4. Allowable Cost
5. Source Documentation
6. Cash Management

In addition, per the Government Auditing Standards January 2007 Revision (GAO-07-162G), Section 5.13; "Auditors should include all significant deficiencies in the auditors' report on internal control over financial reporting and indicate those that represent material weaknesses."

Condition and Cause:

A review of the Authority's internal control and financial management systems during the audit period revealed the following significant deficiencies that represent material weaknesses:

1. The Board of Commissioners did not receive sufficient financial information during the year.
2. The Authority had a significant back log in its accounting during the audit period. There were no financial statements for most of the audit period.
3. The Authority did not monitor actual expenses as compared to the operating budget during the audit period.
4. The Authority had a number of internal control deficiencies related to cash, specifically in the areas of bank reconciliations.

HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA
SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

SEPTEMBER 30, 2010

Section II: Financial Statement Findings - Continued:

Prior Year Findings and Questioned Costs – Continued

5. The Authority's inventory of capital assets and depreciation schedule was not reconciled to the general ledger.
6. The Authority paid invoices in some cases without a formal approval process, without sufficient separation of duties and without sufficient backup and documentation.
7. The Authority failed to make available financial records to the auditors in a timely manner in order to meet the six month audit filing deadline requirements of the Louisiana Governmental Audit Guide and the Legislative Auditor's Office.

Recommendation:

We recommend the establishment of procedures to ensure that Authority operations, that may affect the accuracy and consistency of financial reporting, are communicated to the finance department and accounted-for properly. A review of the general ledger should be performed on a regular basis to assure Authority financial operations are accounted-for and reported in accordance with generally accepted accounting principles. We recommend the execution of established financial internal control procedures to ensure significant general ledger accounts are reconciled to accounting records such as subsidiary ledgers and bank and investment statements on a regular basis and invoices are paid properly. In addition, we recommend that accurate and reliable financial information be presented to the Board of Commissioners on a timely and regular basis.

Current Year Status:

The Authority hired a qualified and experienced Finance Director who instituted new accounting procedures and improved the department's operations. In the current year, the general ledger agrees to the supporting backup documentation, capital assets and depreciation have been reconciled and corrected, invoices are being paid in a timely manner, and the Board and Authority management is being provided with accurate and timely financial information. This Finding is not repeated in the current year.

HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA
SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

SEPTEMBER 30, 2010

Section II: Financial Statement Findings - Continued:

Prior Year Findings and Questioned Costs - Continued

Finding 09 – 02 – Questionable Payments

Low Rent Public Housing – CFDA No. 14.850a; Grant period – year ended September 30, 2009
Housing Choice Vouchers – CFDA No. 14.871; Grant period – year ended September 30, 2009
Business Activities – year ended September 30, 2009

Criteria:

The Code of Federal Regulations and HUD guidelines give the requirements relating to standards for financial management systems. Specifically, 24 CFR Part 85, Section Number 85.20 gives requirements relating to financial reporting, accounting, records, internal control, budget control, allowable costs, source documentation, and cash management. A lack of internal controls and source documentation could lead to improper cash transactions and could create opportunities that fraudulent transactions could occur.

Condition and Cause:

During the course of the previous fiscal year's audit, two newly appointed members of the Authority's Board of Commissioners contacted the auditors and expressed concern over the appropriateness of payments made by the Authority to two organizations.

The first organization was the Resident Advisory Board, which had been a long time sub-recipient of the Authority. There was a contract in place at that time between the Authority and the Resident Advisory Board. The Resident Advisory Board was paid in excess of the contractual agreement with the Authority.

A former employee, officer and board member of the Resident Advisory Board was also a member of the Authority's Board of Commissioners. That Commissioner also lived in a four bedroom unit in the Authority's public housing. Although the Commissioner in question qualified for public housing, it appeared that he was housed in a unit that was too large for the family size and makeup. He and his wife occupied a four bedroom unit. The two Commissioners that contacted us believed that this situation was a conflict of interest for the Commissioner in question and the Authority.

The second organization was a Limited Liability Company, which did not have a contract with the Authority. This organization received payments directly from the Authority in absence of a contract. In addition, the Authority made payments to the Resident Advisory Board which in turn passed these same payments on to the Limited Liability Company. There were no deliverables or reports that were required from the Limited Liability Company that justified the payments made to it by the Authority and The Resident Advisory Board.

HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA
SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

SEPTEMBER 30, 2010

Section II: Financial Statement Findings - Continued:

Prior Year Findings and Questioned Costs - Continued

Finding 09 – 02 – Questionable Payments - continued

Since that time, the Commissioner in question was removed from the Authority's Board and evicted from the Authority's property. The Authority's Executive Director that was in place during these events was discharged from employment and payments were terminated to the two entities in question. In addition, at the conclusion of the prior year's audit, the auditors contacted the HUD OIG in Fort Worth, Texas and reported these matters.

Questioned Costs:

The Board of Commissioners asked the auditors to expand the scope of the audit and review these payments more closely for the current fiscal year and the three preceding fiscal years. The auditors did so and additionally reviewed two more fiscal years in addition to the aforementioned time period for a total of six years that were reviewed. In doing so, the auditors discovered the following questioned costs:

FYE 9-30-09	\$ 176,599
FYE 9-30-08	70,952
FYE 9-30-07	118,681
FYE 9-30-06	115,724
FYE 9-30-05	105,086
FYE 9-30-04	<u>138,962</u>
Total	<u>\$726,004</u>

A previous Board of Commissioners of the Authority had an investigative review of this situation performed by a CPA firm for the period May, 2000 through September, 2005. The questioned costs from that investigative report that are not duplicated above total \$317,815. This brings the total questioned costs related to this situation to \$1,043,819.

Recommendation:

We recommend the continued enforcement of procedures implemented by the Authority during the fiscal to ensure that the Authority complies with its procurement policy and to ensure contracts are in place for all contracted work performed for the Authority; and that procedures to monitor contract performance be adhered to. We recommend that the Board of Commissioners and management of the Authority continue to take action to prevent these type payments in the future.

Current Year Status:

The Authority has ceased all dealings with the Resident Advisory Board and with its parent company. This Finding is not repeated in the current year.

HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

SEPTEMBER 30, 2010

Section II: Financial Statement Findings - Continued:

Current Year Findings and Questioned Costs

Finding 10-01 – Cash Receipts

Low Rent Public Housing – CFDA No. 14.850a; Grant period – year ended September 30, 2010

Criteria:

The Authority must comply with all HUD regulations regarding standards for financial management systems found in 24CFR Part 85, Section 85.20. Such regulations require standards for financial management systems as follows:

1. Accounting Records
2. Internal Control
3. Budget Control
4. Allowable Cost
5. Source Documentation
6. Cash Management

In addition, per the Government Auditing Standards January 2007 Revision (GAO-07-162G), Section 5.13; "Auditors should include all significant deficiencies in the auditors' report on internal control over financial reporting and indicate those that represent material weaknesses."

Condition and Cause:

A random sample of 40 receipts was selected from the Authority's tenant's cash receipts for the fiscal year and the receipt amounts are traced to the general ledger and to the bank statement to verify that the receipts are recorded properly and deposited timely. Of the 40 sample items selected, the Authority was unable to provide back-up documentation for 2 of the receipts and the auditors were unable to verify that the items had been either properly recorded or deposited.

Questioned Costs – None Identified

Recommendation:

We recommend that the Authority review procedures for receiving and depositing cash receipts with appropriate personnel and ensure that cash is properly recorded and deposited.

Reply:

Richard Herrington, Executive Director indicates that the Authority will review procedures involving the receipt of cash with personnel.

HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

SEPTEMBER 30, 2010

Section II: Financial Statement Findings - Continued:

Current Year Findings and Questioned Costs- Continued

Finding 10-02 – Timely Completion and Submission of the Annual Audit

Criteria:

Pursuant to the requirements of Louisiana Revised Statute 24:513, the Authority is required to make available financial records to the auditors in a timely manner in order to meet the six month audit filing deadline requirements of the Louisiana Governmental Audit Guide and the Louisiana Legislative Auditor's Office.

Condition and Cause:

The Authority failed to make available financial records to the auditors in a timely manner in order to meet the six month audit filing deadline requirements of the Louisiana Governmental Audit Guide and the Legislative Auditor's Office.

Questioned Costs – None Identified

Recommendation:

We recommend that the Authority review procedures in order to insure the timely completion of financial records and the submission of the annual audit report.

Reply:

Richard Herrington, Executive Director indicates that the Authority will review procedures involving the timely completion of financial records and submitting of audit reports.

HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

SEPTEMBER 30, 2010

Section III: Federal Award Findings and Questioned Costs:

Prior Year Findings and Questioned Costs

Finding 09 – 02 – Questionable Payments

This Finding is not restated – see Section II for further information.

Finding 09 - 03 – Housing Choice Vouchers Tenant Files

Housing Choice Vouchers – CFDA 14.871; Grant period – Year ended September 30, 2009

Criteria:

The Code of Federal Regulations and HUD guidelines give the requirements for maintaining the tenant files for the Public Housing and Housing Choice Programs. Specifically, HUD regulations CFR Parts 960.259(c) and 982.516(a) require Authorities to obtain and document in the tenant files independent third party verification of reported family income. In addition 24CFR Part 960.253 gives the requirements for choice of rent and use of utility allowances. Also, the Authority's policy and procedure dictates full compliance with these regulations, as well as guidelines to be followed in maintaining these files.

Condition & Cause:

A current year review of tenant files revealed a situation of continued errors and omissions in most of the files that leads to incomplete tenant documentation. The results of the review are as follows:

- 1) Of the 40 tenant files reviewed, 12 did not contain HUD form 50058
- 2) Of the 40 tenant files reviewed, 8 did not contain HUD form 9886
- 3) Of the 40 tenant files reviewed, 12 did not document the tenants as eligible for rental assistance
- 4) Of the 40 tenant files reviewed, 14 did not contain an approved lease
- 5) Of the 40 tenant files reviewed, 4 did not contain social security cards and/or birth certificates
- 6) Of the 40 tenant files reviewed 12 units did not meet the Housing Quality Standards requirements for tenant files
- 7) Of the 40 tenant files reviewed 9 did not contain documentation of 3rd party income verifications which were used for rent calculations
- 8) Of the 40 tenant files reviewed, 15 did not contain current HAP contracts
- 9) Of the 40 tenant files reviewed, 9 did not contain documentation of rent reasonableness
- 10) Of the 40 tenant files reviewed, 12 did not contain documentation of an annual reexamination
- 11) Of the 40 tenant files reviewed, the information in the HAP register and tenant files did not agree in 17 instances
- 12) Of the 40 tenant files reviewed, 9 did not contain lead based paint warnings

HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

SEPTEMBER 30, 2010

Section III: Federal Award Findings - Continued:

Prior Year Findings and Questioned Costs - Continued

Finding 09 - 03 – Housing Choice Vouchers Tenant Files - Continued

Questioned Costs – Not determinable

Recommendation:

We recommend that the Authority utilize a standard filing system based upon a checklist and issue this to all required personnel. We recommend that supervisors and managers review on a regular monthly basis a random sample of all files to determine compliance with federal guidelines and the Authority's policy.

Current Year Status:

This Finding is repeated in the current year. See Finding 10-03

Finding 09 – 04 – Section 8 HQS Inspection Deficiencies

Housing Choice Vouchers – CFDA No. 14.871; Grant period – year ended September 30, 2009

Criteria:

The Annual Contributions Contract, OMB Circular A-87, Allowable Cost Principles, and HUD Accounting guidelines were used as the authoritative literature in determining this finding. 24CFR Part 982 gives the requirements for appropriate payments from authorized receipts, and compliance with the housing assistance payments contract. The annual contributions contract also specifically requires appropriate internal controls be established to safeguard assets.

Condition & Cause:

HQS inspections were tested for compliance in the current fiscal year. Of the 6 HQS inspections selected for review, 4 revealed HQS deficiencies in relation to re-inspections that did not occur within 30 days of the original failed inspection. Of the 4 failed delinquent HQS inspections, 1 was not re-inspected and there should have been rent abatement. The Authority continued to make HAP payments to the landlord/tenant.

HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

SEPTEMBER 30, 2010

Section III: Federal Award Findings - Continued:

Prior Year Findings and Questioned Costs - Continued

Finding 09 – 04 – Section 8 HQS Inspection Deficiencies - Continued

Questioned Costs – Not determinable

Recommendation:

We recommend the Authority strengthen its internal controls in relation to the HQS inspection and re-inspection process. It is also recommended that the Authority review the units put into abatement for the year ended September 30, 2009 to ensure HAP payments were not spent on these units. We further recommend the Authority seek repayment from the landlord found to be in receipt of ineligible HAP payments.

Current Year Status:

This Finding is repeated in the current year. See Finding 10-04

Finding 09-05 – SEMAP Certification

Housing Choice Vouchers– CFDA No. 14.871; Grant period – year ended September 30, 2009

Criteria:

The Code of Federal Regulations and HUD guidelines give the requirements related to the Section Eight Management Assessment Program (SEMAP) for Public Housing Agencies. Specifically, 24CFR Part 985 gives the requirements in relation to the SEMAP certification. SEMAP is used to remotely measure the Authority's performance and administration of the Housing Choice Vouchers program. SEMAP uses HUD's national database of tenant information and information from audits conducted annually by independent auditors. HUD will annually assign each Authority a rating on each of the 14 indicators and an overall performance rating of high, standard or troubled. Metropolitan Authorities will also be able to earn bonus points for their achievements in encouraging assisted families to choose housing in low poverty areas.

HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

SEPTEMBER 30, 2010

Section III: Federal Award Findings - Continued:

Prior Year Findings and Questioned Costs - Continued

Finding 09-05 – SEMAP Certification - Continued

Condition & Cause:

During the current year audit, the SEMAP Certification was tested for validity. The auditor found instances where the backup documentation did not match the data submitted to HUD on the certification.

Questioned Costs – Not determinable

Recommendation:

We recommend the Authority strengthen their internal control procedures relating to the SEMAP Certification in order to provide accurate information to HUD.

Current Year Status:

This Finding is repeated in the current year. See Finding 10-05.

Finding 09-06 – Housing Choice Vouchers Waiting List

Housing Choice Vouchers– CFDA No. 14.871; Grant period – year ended September 30, 2009

Criteria:

The Code of Federal Regulations provides guidance on the Housing Choice Vouchers waiting list. Specifically, 24 CFR Part 982 provides the compliance requirements for administration of the Housing Choice Vouchers waiting list.

Condition & Cause:

The Authority did not have an accurate waiting list for its Housing Choice Vouchers program.

Questioned Costs – Not determinable

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Section III: Federal Award Findings - Continued:

Prior Year Findings and Questioned Costs - Continued

Finding 09-06 – Housing Choice Vouchers Waiting List - Continued

Recommendation:

We recommend that the Authority strengthen their control systems in relation to the Housing Choice Voucher waiting list.

Current Year Status:

This Finding is repeated in the current year. See Finding 10-06

Finding 09-07 – Housing Choice Vouchers – Voucher Management System (VMS)

Housing Choice Vouchers– CFDA No. 14.871; Grant period – year ended September 30, 2009

Criteria:

The Code of Federal Regulations provides guidance on the Voucher Management System. Specifically, 2 CFR Parts 215.51 and 215.52 provides the compliance requirements for administration of the Housing Choice Vouchers VMS.

Condition & Cause:

The Authority did not retain the VMS submissions and supporting documentation for its Housing Choice Vouchers program for the fiscal year.

Questioned Costs – Not determinable

Recommendation:

We recommend that the Authority strengthen their control systems in relation to the Housing Choice Vouchers VMS.

Current Year Status:

The preparation of the VMS report has been taken over by the Finance Department and has been handled personally by the Finance Director. The VMS is currently being prepared properly and all submissions and supporting documentation is being retained. This Finding is not repeated in the current year.

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Section III: Federal Award Findings - Continued:

Prior Year Findings and Questioned Costs - Continued

Finding 09-08 – Housing Choice Vouchers – Program Compliance

Housing Choice Vouchers– CFDA No. 14.871; Grant period – year ended September 30, 2009

Criteria:

The Code of Federal Regulations and HUD guidelines give the requirements for maintaining the tenant files for the Public Housing and Housing Choice Programs. Specifically, HUD regulations CFR Parts 960.259(c) and 982.516(a) require Authorities to obtain and document in the tenant files independent third party verification of reported family income. In addition 24CFR Part 960.253 gives the requirements for choice of rent and use of utility allowances. Also, the Authority's policy and procedure dictates full compliance with these regulations, as well as guidelines to be followed in maintaining these files.

Condition & Cause:

During the fiscal year, an anonymous telephone call was received notifying the Authority that the Housing Choice Voucher program director was leasing property to and receiving HAP payments from the Authority's Voucher program for a property which the program director owned. The director had fraudulently listed a different individual as owner of the property in the Authority's records. This was done in an effort to improperly receive HAP payments and deceive the Shreveport Housing Authority. The tenant on whose behalf these payments were being made was the program director's son.

An investigation regarding this matter was conducted by Shreveport Housing Authority. It was determined that the address listed on the tenant's HAP contract was the same address used by the program director as her primary place of residence. The Housing Authority concluded there had been a misuse of federal funds committed by the program director.

Questioned Costs – \$4,320

Current Year Status:

The issue has been handled by the Authority and the program director was appropriately disciplined. No instance of misuse of federal funds was detected in the current year audit. This Finding is not repeated in the current year.

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Section III: Federal Award Findings - Continued:

Current Year Findings and Questioned Costs

Finding 10 – 03 – Housing Choice Vouchers Tenant Files

Housing Choice Vouchers – CFDA 14.871; Grant period – Year ended September 30, 2010

Criteria:

The Code of Federal Regulations and HUD guidelines give the requirements for maintaining the tenant files for the Public Housing and Housing Choice Programs. Specifically, HUD regulations CFR Parts 960.259(c) and 982.516(a) require Authorities to obtain and document in the tenant files independent third party verification of reported family income. In addition 24CFR Part 960.253 gives the requirements for choice of rent and use of utility allowances. Also, the Authority's policy and procedure dictates full compliance with these regulations, as well as guidelines to be followed in maintaining these files.

Condition & Cause:

A current year review of tenant files revealed a situation of continued errors and omissions in most of the files that leads to incomplete tenant documentation. The results of the review are as follows:

- 1) Of the 40 tenant files reviewed, 3 did not contain HUD form 50058
- 2) Of the 40 tenant files reviewed, 2 did not contain HUD form 9886
- 3) Of the 40 tenant files reviewed, 5 did not contain an approved lease
- 4) Of the 40 tenant files reviewed, 2 did not contain documentation of 3rd party income verifications which were used for rent calculations
- 5) Of the 40 tenant files reviewed, 5 did not contain current HAP contracts
- 6) Of the 40 tenant files reviewed, 8 did not contain documentation of rent reasonableness
- 7) Of the 40 tenant files reviewed, 5 did not contain documentation of an annual reexamination

Questioned Costs – Not determinable

Recommendation:

We recommend that the Authority utilize a standard filing system based upon a checklist and issue this to all required personnel. We recommend that supervisors and managers review on a regular monthly basis a random sample of all files to determine compliance with federal guidelines and the Authority's policy.

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Section III: Federal Award Findings – Continued:

Current Year Findings and Questioned Costs – Continued

Finding 10 – 03 – Housing Choice Vouchers Tenant Files – Continued

Reply:

Richard Herrington, Executive Director indicates that the Authority is in the process of instituting improved procedures for insuring that all required documentation is maintained in the Housing Choice Voucher tenant files.

Finding 10 – 04 – Section 8 HQS Inspection Deficiencies

Housing Choice Vouchers – CFDA No. 14.871; Grant period – year ended September 30, 2010

Criteria:

The Annual Contributions Contract, OMB Circular A-87, Allowable Cost Principles, and HUD Accounting guidelines were used as the authoritative literature in determining this finding. 24CFR Part 982 gives the requirements for appropriate payments from authorized receipts, and compliance with the housing assistance payments contract. The annual contributions contract also specifically requires appropriate internal controls be established to safeguard assets.

Condition & Cause:

HQS inspections were tested for compliance in the current fiscal year. Of the 19 failed HQS inspections selected for review: 11 units were not re-inspected within the 30 day requirement; 4 units were never inspected at all during the year under audit; 1 unit was never re-inspected after the initial failed inspection; and 1 unit was never abated and the Authority continued to make HAP payments to the landlord/tenant even after the unit continued to fail inspection.

Questioned Costs – None Identified

Recommendation:

We recommend the Authority strengthen its internal controls in relation to the HQS inspection and re-inspection process. It is also recommended that the Authority review the units put into abatement for the year ended September 30, 2010 to ensure HAP payments were not spent on these units. We further recommend the Authority seek repayment from the landlord found to be in receipt of ineligible HAP payments.

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Section III: Federal Award Findings – Continued:

Current Year Findings and Questioned Costs – Continued

Finding 10 – 04 – Section 8 HQS Inspection Deficiencies - Continued

Reply:

Richard Herrington, Executive Director is insuring that the Authority is in the process of strengthening its internal controls.

Finding 10-05 – SEMAP Certification

Housing Choice Vouchers– CFDA No. 14.871; Grant period – year ended September 30, 2009

Criteria:

The Code of Federal Regulations and HUD guidelines give the requirements related to the Section Eight Management Assessment Program (SEMAP) for Public Housing Agencies. Specifically, 24CFR Part 985 gives the requirements in relation to the SEMAP certification. SEMAP is used to remotely measure the Authority's performance and administration of the Housing Choice Vouchers program. SEMAP uses HUD's national database of tenant information and information from audits conducted annually by independent auditors. HUD will annually assign each Authority a rating on each of the 14 indicators and an overall performance rating of high, standard or troubled. Metropolitan Authorities will also be able to earn bonus points for their achievements in encouraging assisted families to choose housing in low poverty areas.

Condition & Cause:

During the current year audit, the SEMAP Certification was tested for validity. Based on the test performed, the SEMAP appeared to agree to the supporting documentation provided by the Authority; however, the Authority's SEMAP status for the year ending September 30, 2009 was ruled to be troubled by HUD and, in accordance with 24 CFR 985.105, HUD cannot change the Authority's status until an on-site confirmatory review is conducted.

Questioned Costs – None Identified

Recommendation:

The Authority should contact HUD and schedule the on-site confirmatory review so that the troubled status can be reversed.

Reply:

Richard Herrington, Executive Director indicates that the Authority will schedule the review with HUD.

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Section III: Federal Award Findings – Continued:

Current Year Findings and Questioned Costs – Continued

Finding 10-06 – Housing Choice Vouchers Waiting List

Housing Choice Vouchers– CFDA No. 14.871; Grant period – year ended September 30, 2010

Criteria:

The Code of Federal Regulations provides guidance on the Housing Choice Vouchers waiting list. Specifically, 24 CFR Part 982 provides the compliance requirements for administration of the Housing Choice Vouchers waiting list.

Condition & Cause:

In follow up from the Section 8 Management Assessment Program (SEMAP) review performed by HUD in March of 2009, HUD acknowledged in a letter, dated September 8, 2010, that the Authority had recently begun working on updating the Housing Choice Voucher waiting list; however, no applicants from that list had been housed in the fiscal year of October 1, 2009 through September 30, 2010. Since no tenants have been housed from the waiting list for the period being audited, auditors are unable to determine whether the Authority is in compliance with its waiting list procedures.

Questioned Costs – None Identified

Recommendation:

We recommend that the Authority continuing its work to strengthen their control systems in relation to the Housing Choice Voucher waiting list.

Reply:

Richard Herrington, Executive Director indicates that the Authority is in an ongoing process to update and maintain an accurate waiting list for the Housing Choice Vouchers program.

Finding 10-07 – American Recovery and Reinvestment Act reporting

ARRA Public Housing Capital Fund Program Recovery Act– CFDA No. 14.885; Grant period – year ended September 30, 2010

Criteria:

Section 1512 of the American Recovery and Reinvestment Act of 2009 (ARRA) requires that the Authority provide the OMB with detailed information on the projects and activities funded by the Recovery Act. The reporting (referred to as 1512 reports) is to be made quarterly beginning in October 2009.

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Section III: Federal Award Findings – Continued:

Current Year Findings and Questioned Costs – Continued

Finding 10-07 – American Recovery and Reinvestment Act reporting - Continued

Condition & Cause:

The auditor requested the 1512 reports for the quarters ending December 2009, March 2010, June 2010 and September 2010; however, the Authority was unable to provide the reports for the periods requested.

Questioned Costs – None Identified

Recommendation:

We recommend that the Authority begin submitting the reports required by the Recovery Act and to maintain a copy of each report submitted and the supporting documentation as required.

Reply:

Richard Herrington, Executive Director indicates that the Authority, as of December 2010, was producing the 1512 reports, as required by law, and maintaining a copy.

Finding 10 – 08 – Low Rent Public Housing Tenant Files

Low Rent Public Housing – CFDA 14.850a; Grant period – Year ended September 30, 2010

Criteria:

The Code of Federal Regulations and HUD guidelines give the requirements for maintaining the tenant files for the Public Housing and Housing Choice Programs. Specifically, HUD regulations CFR Parts 960.259(c) and 982.516(a) require Authorities to obtain and document in the tenant files independent third party verification of reported family income. In addition 24CFR, Part 960.253 gives the requirements for choice of rent and use of utility allowances. Also, the Authority's policy and procedure dictates full compliance with these regulations, as well as guidelines to be followed in maintaining these files.

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Section III: Federal Award Findings – Continued:

Current Year Findings and Questioned Costs – Continued

Finding 10 – 08 – Low Rent Public Housing Tenant Files - Continued

Condition & Cause:

A current year review of tenant files revealed a situation of continued errors and omissions in most of the files that leads to incomplete tenant documentation. The results of the review are as follows:

- 1) Of the 40 tenant files reviewed, 6 did not contain HUD form 50058
- 2) Of the 40 tenant files reviewed, 4 had incorrect information on the HUD form 50058
- 3) Of the 40 tenant files reviewed, 2 did not contain HUD form 9886
- 4) Of the 40 tenant files reviewed, 2 did not contain documentation of 3rd party income verifications which were used for rent calculations
- 5) Of the 40 tenant files reviewed, 3 had no projected annual income
- 6) Of the 40 tenant files reviewed, 2 had no calculation for deductions for handicapped tenants
- 7) Of the 40 tenant files reviewed, 3 did not determine family unit size
- 8) Of the 40 tenant files reviewed, 7 had no lead paint disclosures
- 9) Of the 40 tenant files reviewed, 15 had no community service requirement form
- 10) Of the 40 tenant files reviewed, 1 did not contain documentation of an annual reexamination

Questioned Costs – None Identified

Recommendation:

We recommend that the Authority utilize a standard filing system based upon a checklist and issue this to all required personnel. We recommend that supervisors and managers review on a regular monthly basis a random sample of all files to determine compliance with federal guidelines and the Authority's policy.

Reply:

Richard Herrington, Executive Director will institute improved procedures for insuring that all required documentation is maintained in the Low Rent Public Housing tenant files.

Finding 10-09 – Low Rent Public Housing Waiting List

Low Rent Public Housing – CFDA No. 14.850a; Grant period – year ended September 30, 2010

Criteria:

The Code of Federal Regulations provides guidance on the Low Rent Public Housing waiting list. Specifically, 24 CFR Part 960.206 and 960.208 provides the compliance requirements for administration of the Low Rent Public Housing waiting list.

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Section III: Federal Award Findings – Continued:

Current Year Findings and Questioned Costs – Continued

Finding 10-09 – Low Rent Public Housing Waiting List - Continued

Condition & Cause:

A sample of eight applicants was taken from the Low Rent waiting list. Of the eight sample items selected, an application file could not be located for two of the applicants and four applicants sampled had either been housed or withdrawn from the list in prior fiscal years. Based on the test sample, the auditor determined that the Low Rent Public Housing is not maintaining an up-to-date waiting list nor is the required application information being maintained for all applicants.

Questioned Costs – None Identified

Recommendation:

We recommend that the Authority create procedures to strengthen their control systems in relation to the Low Rent Public Housing waiting list.

Reply:

Richard Herrington, Executive Director will insure that the Authority will create procedures to properly update and maintain an accurate waiting list for the Housing Choice Vouchers program.

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Section III: Federal Award Findings – Continued:

Current Year Findings and Questioned Costs – Continued

Finding 10-10 – Mismanagement of ARRA Funds

American Recovery and Reinvestment Act (ARRA) – CFDA No. 14.885; Grant period – year ended September 30, 2010

Criteria:

In 2009, the President signed the American Recovery and Reinvestment Act of (ARRA) into Law. The Act provided \$4 billion for public housing agencies to carry out capital and management activities, including modernization and development of public housing. The Act required public housing agencies to obligate 100 percent of the funds within one year of the date on which funds became available to the agency for obligation and to expend 60 percent of the funds within two years and 100 percent within three years of the obligation availability date.

Condition and Cause:

During the period being audited, the Office of Inspector General (OIG) performed an audit on the Authority's American Recovery and Reinvestment Act (ARRA) program and released its findings in a report dated October 14, 2010. In the report, the OIG concluded that the Authority had mismanaged its ARRA funds by entering into imprudent contracts in order to meet the obligation deadlines and, in addition, the Authority could not provide assurance that said contracts were properly awarded or managed. The OIG made the recommendation to the Director of Public and Indian Housing, New Orleans, LA to:

1. Require the Authority to de-obligate \$1,147,670 in ARRA funds that were allocated to the Wilkerson Terrace site, and
2. To recapture and rescind the de-obligated funds and deposit those funds with the U.S. Treasury in accordance with the Recovery Act, as amended.

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Section III: Federal Award Findings – Continued:

Current Year Findings and Questioned Costs – Continued

Finding 10-10 – Mismanagement of ARRA Funds - Continued

Condition and Cause – Continued

As of the audit date, no funds have been de-obligated nor has the Authority been notified that the funds will be recaptured; however, the Authority is no longer able to draw on the ARRA funds until the issue has been resolved.

Questioned Costs – \$1,147,670

Recommendation:

We recommend that the Authority continue to work with the appropriate HUD officials to resolve the issue.

Reply:

Richard Herrington, Executive Director is currently working with the New Orleans, LA HUD office to resolve the situation.

Finding 10-11 – Replacement Housing Mismanagement of Funds

Capital Fund Program – Replacement Housing Factor (RHF) - CFDA No. 14.872; Grant period – year ended September 30, 2010

Criteria:

The Capital Fund formula rule at 24 Code of Federal Regulations (CFR), section 905.10(i) provides that an Authority may receive RHF funding for public housing units demolished or sold for a period of up to five years. The Authority may only develop or acquire public housing rental units with RHF funds, and all replacement housing must be undertaken in accordance with public housing development regulations found at 24 CFR, part 941.

Condition and Cause:

The auditors were notified that the funds expended for Capital Fund Program – Replacement Housing Factor grants 501.07 and 501.08, (grant amounts of \$396,213 and \$317,041, respectfully) were expended inappropriately. The funds had not been expended to develop or acquire new public housing rental units as stated by the grant requirements, but instead, had been used to modify existing public housing properties.

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Section III: Federal Award Findings – Continued:

Current Year Findings and Questioned Costs – Continued

Finding 10-11 – Replacement Housing Mismanagement of Funds - Continued

Questioned Costs – \$713,254

Recommendation:

We recommend that the Authority notify their local HUD office of the problem and receive guidance as how to proceed.

Reply:

Richard Herrington, Executive Director has indicated that the Authority is currently reviewing the problem.

Finding 10-12 – Housing Choice Vouchers – Fraud

Housing Choice Vouchers– CFDA No. 14.871; Grant period – year ended September 30, 2010

Criteria:

The Code of Federal Regulations and HUD guidelines give the requirements for maintaining the tenant files for the Public Housing and Housing Choice Programs. Specifically, HUD regulations CFR Parts 960.259(c) and 982.516(a) require Authorities to obtain and document in the tenant files independent third party verification of reported family income. In addition 24CFR Part 960.253 gives the requirements for choice of rent and use of utility allowances. Also, the Authority's policy and procedure dictates full compliance with these regulations, as well as guidelines to be followed in maintaining these files.

Condition & Cause:

During the fiscal year, someone was able to enter the Authority's Housing Choice Voucher computer and was able to reactivate some former tenants and a former landlord. The individual committing the fraud then altered the former landlord's bank routing number in the system. The changes allowed the individual committing the fraud to receive rental assistance payments for the former tenants, via bank transfer, into an account that they had set-up, while making it appear that the payments were being made to a legitimate landlord. The fraud amounted to \$2,555 a month for seven months (for a total of \$17,885) before the Authority detected the fraud and stopped the payments.

At present, the Authority does not know who committed the fraud; however, since the individual who committed the fraud had access to the system code, it is thought that it might be an employee of the software vendor. The Authority has the routing number of the account where the funds were forwarded and are actively pursuing the investigation.

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Section III: Federal Award Findings – Continued:

Current Year Findings and Questioned Costs – Continued

Finding 10-12 – Housing Choice Vouchers – Fraud - Continued

Questioned Costs – \$17,885

Recommendation:

We recommend that the Authority continue its investigation to locate the individual who committed the fraud and attempt to prosecute the individual and/or reimbursement of the funds stolen.

Reply:

Richard Herrington, Executive Director, is insuring that the Authority is currently and actively investigating the fraud and anticipates locating the individual who committed the fraud.

Finding 10-13 – Section 3 Summary Report – Economic Opportunities for Low Income Persons

Low Rent Public Housing – CFDA No. 14.850a; Grant period – year ended September 30, 2010
Capital Fund Program – CFDA No. 14.872; Grant period – year ended September 30, 2010
American Recovery and Reinvestment Act (ARRA) – CFDA No. 14.885; Grant period – year ended September 30, 2010

Criteria:

The filing of Form HUD 60002, *Section 3 Summary Report, Economic Opportunities for Low – and Very Low – Income Persons (OMB No. 2529-0043)* is required by the Code of Federal Regulations and HUD guidelines as to performance reporting. Specifically, HUD regulations 24 CFR sections 135.3(a) 135.90 require that for each public and Indian housing grant that involves developing, operating, or modernization assistance, the prime recipient must submit Form HUD 60002.

Condition & Cause:

During audit fieldwork, the Capital Fund, Capital Fund – Recovery Act and the Public Housing programs were audited for compliance with the requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*. As part of the audit, auditors requested Section 3 Summary Reports (Form HUD 60002) for each of the aforementioned federal programs. Authority management was unable to provide the Reports upon request.

Questioned Costs – None Identified

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Section III: Federal Award Findings – Continued:

Current Year Findings and Questioned Costs – Continued

Finding 10-13 – Section 3 Summary Report – Economic Opportunities for Low Income Persons - Continued

Recommendation:

We recommend the Authority complete and submit these reports to HUD as required, and maintain the reports and supporting documentation for audit.

Reply:

Richard Herrington, Executive Director, is taking steps to insure that the Authority will complete and submit the required reports and will strive to do so in the future.

Finding 10-14 – Environmental Review Compliance Requirement

Capital Fund Program – CFDA No. 14.872; Grant period – year ended September 30, 2010
American Recovery and Reinvestment Act (ARRA) – CFDA No. 14.885; Grant period – year ended September 30, 2010

Criteria

An environmental review must be completed for any project or activities (including those projects or activities funded by ARRA) before a recipient may acquire, rehabilitate, convert, lease, repair or construct property, or commit HUD or local funds. Environmental review procedures for entities who are assuming HUD's environmental responsibilities are contained in 24 CFR, part 58. An environmental assessment must be prepared for an activity unless the recipient determines that the activity met a criterion specified in the regulations that would exempt or exclude it from Request for Release of Funds (RROF) and environmental certification requirements (24 CFR sections 58.34 and 58.35). If the responsible entity determines that a project or activity is exempt, it must document in writing its determination for the exemption demonstrating how the conditions specified for exemption are met. Neither a recipient nor any participant in the project, including public or private nonprofit or for-profit entities, or any of their contractors, may commit HUD assistance until HUD has approved the recipient's RROF and the related certification from the responsible entity (24 CFR, section 58.22).

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Section III: Federal Award Findings – Continued:

Current Year Findings and Questioned Costs – Continued

Finding 10-14 – Environmental Review Compliance Requirement - Continued

Condition & Cause:

During audit fieldwork, the Capital Fund and Capital Fund – Recovery Act programs were audited for compliance with the requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*. As part of the audit, auditors requested environmental reviews for each of the aforementioned federal programs. Authority management was unable to provide the Reports upon request.

Questioned Costs – None Identified

Recommendation:

We recommend the Authority complete the required environmental reviews as required by HUD, and maintain the reports and supporting documentation for audit.

Reply:

Richard Herrington, Executive Director is taking steps to insure that the Authority will complete the required environmental reviews and will strive to do so in the future.